

The day after Hormuz

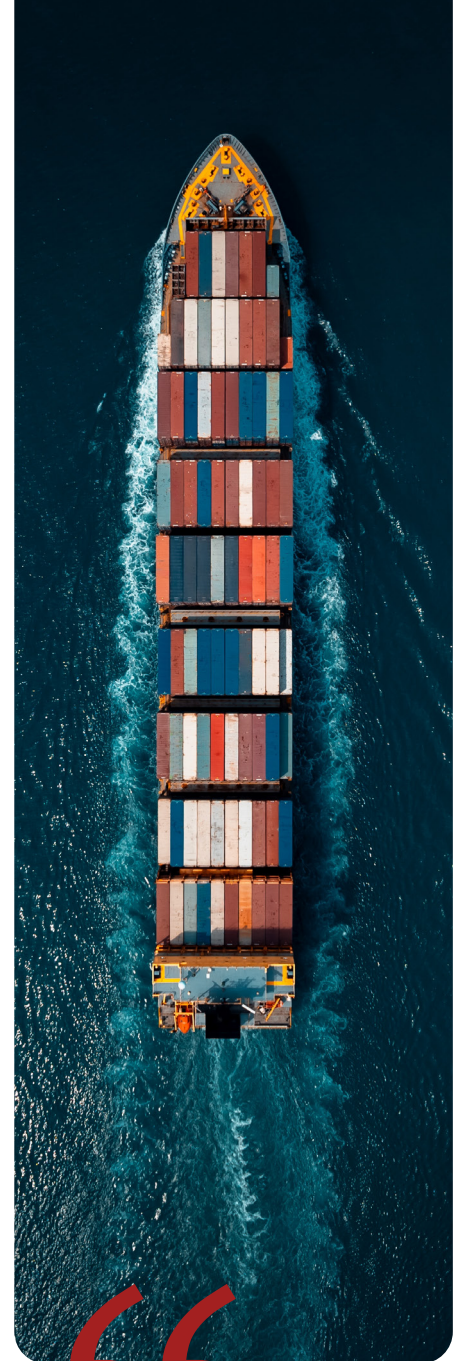
A defining moment for logistics in the Gulf

The closure of the Strait of Hormuz is not just a regional disruption—it is both a structural shock to global trade and a turning point for the Gulf states and the logistics that underpin their economies. It is likely to accelerate significant structural shifts that were already underway, especially the reconfiguration of trade corridors, and put a new focus on resilience as a key feature of their logistics systems.

About US\$650 billion in trade flows are affected by the closure of the Strait of Hormuz, representing around 2% of global trade and about 25% of seaborne oil shipments, according to **UN Trade and Development data**.¹ If instability spreads to Bab el-Mandeb, the Red Sea choke point, a further 12% of global maritime trade could be at risk.

This is a pivotal moment for Gulf Cooperation Council (GCC) member states. For decades, their logistics systems have been largely optimized for efficiency, supported by strong connectivity and competitive cost structures. The current situation introduces binding physical constraints on regional trade flows and makes resilience the primary currency of competitiveness, ahead of efficiency. With access through Hormuz disrupted, flows are being redirected through accessible gateways and inland routes, often at higher cost and with longer transit times. Shipping lines are adapting their networks accordingly, prioritizing continuity of service.

The effect is not uniform across GCC countries, since their exposure differs depending on their geography and their access to alternative corridors. Countries with a higher reliance on Gulf-facing maritime routes are feeling the disruptive impact more immediately. Others benefit from partial or full access to alternative gateways, including ports on the Arabian Sea or the Red Sea, as well as inland corridors. These structural differences are shaping how flows are being adjusted in the short term and how logistics systems will likely evolve over time.



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Optimizing for
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just efficiency, is
becoming the new
paradigm for the
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trade logistics.”

In the new paradigm, the ability to move goods reliably across a network matters more than the efficiency of any single node. Logistics competitiveness will move away from individual ports toward integrated corridors—multi-modal systems that combine maritime, land, and rail infrastructure.

For established hubs such as Dubai, the shift creates an opportunity to evolve from a port-centric model toward a fully integrated, network-based logistics system. This includes scaling east-coast gateways such as Fujairah and Khor Fakkan and developing a “virtual terminal” across the UAE port system to enable more seamless inter-port operations. Strengthening hinterland integration—through Etihad Rail, Hafeet Rail, and bonded corridor systems—can further support efficient sea–rail–land flows linking ports to inland demand centres across the UAE and into Saudi Arabia. In parallel, expanding toward a more integrated “transshipment-plus” offering that combines sea–air connectivity, value-added logistics, and free-zone processing can deepen integration into global supply chains and support more stable, long-term demand.

Saudi Arabia can expand its role by leveraging its Red Sea access and developing integrated sea–land corridors linking its western ports to domestic and GCC markets. A key success factor will be developing robust logistics ecosystems around the key gateways such as Neom and Yanbu and ensuring the economic viability of these corridors. That means balancing port costs, inland transport efficiency, and border processes to offer a competitive end-to-end alternative to traditional maritime routes. Saudi Arabia is uniquely positioned to de-risk its logistics system by increasing use of alternative maritime corridors, particularly in East Africa. Investments in nodes on the East African coast such as Djibouti can provide greater control over routing options and reduce reliance on vulnerable choke points, supporting a more resilient and diversified logistics network across the region.

Oman is well positioned to strengthen its role as a stable and reliable gateway outside Hormuz. It can expand its value proposition into reliability, service quality, and value-adding economic activities by building a coordinated multi-port system anchored around Salalah and Sohar—and potentially developing Duqm as a strategic overflow and optionality node—as well as integrating with regional corridors via rail and land freight.

For other GCC countries such as Bahrain, Kuwait, and Qatar, the priority is to strengthen supply continuity by integrating more deeply into regional logistics corridors. This includes leveraging neighbouring countries with Red Sea access as scalable alternatives, expanding cross-border trucking capacity, and establishing streamlined border processes to ensure reliable inland flows. In parallel, developing regional staging hubs—particularly in Oman or Saudi Arabia—can provide buffer capacity and routing flexibility outside constrained routes. Over time, these countries can further increase resilience by diversifying sourcing strategies, accelerating investments in multimodal connectivity such as rail integration, and embedding themselves within a more interconnected GCC logistics network that reduces reliance on single access points.

For policymakers and industry leaders across the GCC, the current situation is thus a transformation to be led. The countries that succeed will be those that move decisively, building integrated corridors, strengthening regional connectivity, and anchoring their role within more resilient global supply chains.

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